ZIONS BANCORPORATION

August 6, 2013

Via Electronic Submission

Ms. Marlene Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 10-208, Universal Service Reform – Mobility Fund

Dear Ms. Dortch,

On August 2, 2013, I, James Abbott, an Executive Vice President of Zions Bancorporation ("Zions"), and V. Noah Campbell of Radio Spectrum Group, LLC, consultant for Zions, met with Courtney Reinhard of Commissioner Pai's staff regarding the usage of credit ratings for determining eligible banks that may issue Letters of Credit for purposes of supporting Mobility Fund Phase II winning bidders. Zions suggested that the A- or better credit rating requirement for such banks in Mobility Fund Phase I was an unreasonable standard for winning bidders for two major reasons:

- First, Zions suggested that the A- credit rating requirement does not recognize the extreme shifts that the banking industry has undergone in the past six years. In 2006 the average credit rating for banks in the top-50 in the United States was A-; today it is BBB, despite having much stronger capital and liquidity levels. Zions recommended that a different standard be employed for such banks in Mobility Phase II. Options that Zions suggested included using a statistics-based model, such as the IDC ratings, or market-based default probability thresholds, such as those supplied by Kamakura Risk Information Services.
- Second, it is a given that many would-be bidders are smaller, rural companies that bank with regional banks, such as Zions. By requiring winning bidders to acquire Letters of Credit from banks that meet the A- standard as well as the standard that eligible banks must be among the top-50 largest banks in the United States (should such winning bidder choose a US bank, as there are different rules for foreign banks), the Commission is forcing small telecommunications providers to undertake significant capital costs and significant delays in drawing down Auction 901 funds, thus delaying implementation of mobile data services in unserved areas and frustrating the purpose of the project.

In addition to pointing out the burden upon auction winners that stems from this requirement, Zions provided information to the Commission regarding the strength of Zions as a financial institution, in which each of its operating subsidiary banks has an IDC rating of Excellent or Superior, and in most key financial categories has a stronger financial condition than A- rated banks.

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In short, Zions submits that the requirement of an A- credit rating or better for banks issuing Letters of Credit for Phase I, was, on balance, counter-productive to the purpose of the project. Zions recognizes that a screening process for banks is needed to ensure the safety of the program, but believes that there are superior methods that the Commission can use, such as the IDC rating, market-based probability of default measures, or regulatory capital ratio thresholds. Many banks among the top-50 in the United States, including Zions, are highly secure and should be eligible to issue Letters of Credit for winning bidders in Mobility Fund Phase II, thereby expediting, rather than frustrating the adoption rate in Phase II, relative to Phase I.

Sincerely,

James R. Abbott
Executive Vice President
Director of Investor Relations & External Communications
Zions Bancorporation